

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 00419 181309Z

53

ACTION ARA-20

INFO OCT-01 IO-14 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

PA-04 PRS-01 USIA-15 TAR-02 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 AGR-20

EUR-25 DRC-01 /225 W

----- 013471

R 181225Z JAN 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1393

INFO USMISSION GENEVA

AMEMBASSY BUENOS AIRES

AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE BRASILIA 419

E.O. 11652: N/A

TAGS: ETRD, BR, AR

SUBJECT: APPLIES AND PEARS

REF: BRASILIA 8265

1. DURING CONVERSATION WITH EMBOFF, ACTING CHIEF OF FONOFF
TRADE POLICY DIVISION (BARTHEL) RAISED SUBJECT OF US REQUEST
FOR SEASONAL TARIFF CONCESSION ON APPLES AND PEARS. HE SAID
THAT SINCE LAST DISCUSSION WITH EMBASSY, FONOFF HAD CONCLUDED
THAT PROBLEMS WITH ARGENTINA WOULD BE GREATER THAN THEY HAD
PREVIOUSLY THOUGHT. THEY FEEL ARGENTINA WOULD REACT STRONGLY
TO ANY MODIFICATION OF LAFTA PREFERENTIAL, WHICH HAS YEAR-
ROUND APPLICATION. SINCE BRAZIL IS THE MAJOR MARKET FOR
CERTAIN ARGENTINE FRUIT GROWING REGIONS, GOA WOULD PROBABLY
CONSIDER ANY CHANGE AS SERIOUSLY DAMAGING REGARDLESS OF
SEASONAL ASPECT. MINISTRY BELIEVES ARGENTINA WOULD REJECT
ANY LIKELY COMPENSATION OFFER AND TAKE RETALIATORY ACTION

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 00419 181309Z

AGAINST BRAZILIAN EXPORTS OF TROPICAL FRUIT.

2. BARTHEL SUGGESTED THAT GOB MIGHT BE IN BETTER POSITION TO DEAL WITH ARGENTINA IF US REQUEST ON APPLES AND PEARS WAS ACCOMPANIED BY OFFER OF CONCESSION TO BRAZIL, THEREBY DEMONSTRATING THAT BRAZIL WAS NOT TAKING INITIATIVE WITH US TO NEGOTIATE A TRADE ARRANGEMENT PREJUDICIAL TO ARGENTINE INTERESTS. EMBASSY OFFICER RESPONDED THAT HE WOULD REPORT SUGGESTION BUT NOTED THAT ON BASIS OF APPROACHES ALREADY TAKEN, IT SHOULD BE EASY TO SHOW THAT PROPOSAL ON APPLES AND PEARS WAS USG INITIATIVE. EMBOFF EXPRESSED OPINION THAT WASHINGTON MIGHT BE UNWILLING TO MAKE AN OFFER WITHOUT SOME INDICATION OF WHAT BRAZIL WANTED OR UNTIL WE RECEIVED RESPONSE TO QUESTION POSED BY AMBASSADOR EBERLE TO BATISTA ON WHETHER OR NOT GOB IS WILLING TO NEGOTIATE. BARTHEL SAID HE WOULD DISCUSS SUBJECT FURTHER WITH BATISTA AND COMMENTED THAT, WITH CHANGE IN GOVERNMENT DUE IN MARCH, OTHER MINISTRIES MIGHT BE UNWILLING TO TAKE DECISION THAT WOULD COMMIT NEXT ADMINISTRATION.

3. IN RECENT DISCUSSION WITH AG ATTACHE, HANS FISHER, MAJOR FRUIT IMPORTER, SAID THAT WITH RESPECT TO APPLES HE SAW NO ADVANTAGE FOR US FROM REMOVAL OF TARIFF BECAUSE ARGENTINE AND SUBSIDIZED FRENCH APPLES ARE CHEAPER REGARDLESS OF DUTY. HE SAID THAT BRAZIL WOULD CONTINUE TO IMPORT US APPLES BUT ONLY WHEN OTHER SUPPLIERS DO NOT HAVE FRUIT TO EXPORT IN QUANTITY, AS DURING 1973-74 SEASON WHEN IMPORT OF US APPLES WERE 200,000 BOXES. WITH RESPECT TO PEARS, FISHER COMMENTED THAT TARIFF AMOUNTED TO UNNECESSARY TAX ON BRAZILIAN CONSUMER BECAUSE, EVEN WITH EXISTING DUTY, OTHER COUNTRIES CANNOT COMPETE WITH US PRODUCT. HE SAID HE HAS BEEN ACTIVE IN TRYING TO HAVE DUTY ON PEARS REMOVED OR LOWERED.

COMMENT:

4. EMBASSY WILL FOLLOW-UP TO DETERMINE OUTCOME OF FURTHER FONOFF CONSIDERATION ON SEEKING INTER-MINISTERIAL AUTHORIZATION TO PROCEED WITH BILATERAL DISCUSSIONS. IT IS CLEAR THAT FONOFF, WHICH IS FAVORABLY DISPOSED TOWARD NEGOTIATING WITH US ON APPLES AND PEARS, HAS REACHED SAME CONCLUSION AS IN PAST YEARS THAT PROPOSAL RAISES LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRASIL 00419 181309Z

SERIOUS PROBLEMS FOR GOB RELATIONS WITH ARGENTINA. WILLINGNESS TO TAKE ON THESE PROBLEMS WILL BE INFLUENCED BY WHETHER ANY US OFFER IS ATTRACTIVE ENOUGH TO COMPENSATE FOR DAMAGE TO BRAZIL-ARGENTINE RELATIONS. EMBASSY IS NOT OPTIMISTIC THAT FONOFF WILL MOVE AHEAD NOW TO SEEK GOB AUTHORIZATION. THERE HAS BEEN TENDENCY AT VARIOUS LEVELS OF GOB TO LEAVE POLICY QUESTIONS NOT REQUIRING IMMEDIATE ACTION TO INCOMING GOVERNMENT WHICH

TAKES OFFICE ON MARCH 15.

5. QUESTION OF US OFFER LEADS TO CONSIDERATION OF VALUE
OF CONCESSIONS WE ARE SEEKING. COMMENTS FROM FRUIT
IMPORTER (PARA 3) SUPPORT DOUBTS PREVIOUSLY EXPRESSED
BY EMBASSY, IN CONTEXT INTERNAL TAX TREATMENT, OR WHETHER
CONCESSION ON APPLES WOULD RESULT IN GREATER US
SALES (BRASILIA 2944). ON PEARS, INCREASED SALES FROM
TARIFF CONCESSION WOULD DEPEND ON ELASTICITY OF MARKET,
WHICH MAY NOT BE GREAT FOR FRUIT IN LUXURY CATEGORY.
TUCH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CUSTOMS DUTIES, FRUIT, EXPORTS, COUNTERVAILING DUTIES, APPLES, PEARS, NEGOTIATIONS, TARIFF CONCESSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRASIL00419
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740133/aaaabeot.tel
Line Count: 126
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BRASILIA 8265
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUN 2002 by elyme>; APPROVED <26 JUN 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: APPLIES AND PEARS
TAGS: ETRD, BR, AR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005